

MEDIA RELEASE

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Geo Energy continues to declare interim dividend despite lower net profit affected by lower volumes, increased royalty rates and higher stripping ratio**1Q2023 Highlights**

- Revenue decreased by 13% year-on-year (“yoy”) to US\$131.9 million in 1Q2023, mainly due to a decline of 23% in sales volume, partially offset by an increase of 12% in average selling price (“ASP”).
- The Group’s net profit decreased by 60% yoy to US\$16.0 million in 1Q2023 mainly due to the lower sales volume, increased royalty rates by the Indonesian government and higher strip ratio due to the geology of its mines.
- The Group declares an interim dividend of 0.5 SG cent per share for 1Q2023, representing a pay-out ratio of 32.8% and dividend yield of 13.6% based on the Group’s share price as of 31 March 2023.
- Geo Energy is making active progress towards value accretive acquisitions of producing coal mines, to increase our reserves, production volumes as well as achieve diversification.
- Cash position of US\$209 million and with debt over equity ratio of 0.01 times as at 31 March 2023, the Group is well-positioned to fund its acquisition plans.

Commenting on the financial performance and business outlook for the Group, Mr Charles Antony Melati, Executive Chairman & Chief Executive Officer of Geo Energy said:

“Geopolitical tensions in the first half of 2022 led to an energy crisis which led to coal prices reaching record high levels. Coal remains a significant pillar of the power generation and industrial sectors, particularly during the infrastructure-led economic recovery post COVID-19 pandemic. China and India continue to lead coal-fired power generation activities, and European countries have been temporarily switching to coal due to the comparatively higher prices for natural gas, low hydropower generation and modest increase in nuclear power generation.¹ Coal remains the preferable option to supplement global energy imbalance² due to the lack of alternative price-competitive energy sources and prices are expected to continue remaining strong in 2023.

The Group reports first-quarter revenue of US\$131.9 million in 1Q2023, a decrease of 13% yoy compared to 1Q2022. This was mainly due to lower sales volume of 1.9 million tonnes, compared to 2.4 million tonnes in 1Q2022, partially offset by a 12% increase in average selling price.

Cash cost per tonne has increased by 44% yoy to US\$52.6 per tonne in 1Q2023, from US\$36.6 per tonne in 1Q2022. The cash cost has increased mainly due to the increase in royalty rate announced by the Government of Indonesia in September 2022 and the higher stripping ratios due to the geology of the mines. As a result of the above, the Group reports a net profit of US\$16.0 million, a decrease of 60% compared to US\$40.5 million in 1Q2022.

We remain committed to delivering returns to our shareholders and we are declaring an interim dividend in line with our dividend policy, of 0.5 SG cent per share for 1Q2023, representing a pay-out ratio of 32.8% and dividend yield of 13.6% based on the Group’s

¹ Coal 2022: Analysis and forecast to 2025, December 2022 (International Energy Agency)

² Business Times: Indonesia sees record coal exports of more than 500 million tonnes in 2023

share price as of 31 March 2023. During this period, the Company bought back 4 million shares, which were held as treasury shares.

The Group continues to maintain a robust balance sheet with cash and bank balance of US\$208.6 million as at 31 March 2023, with a focus of making value accretive acquisitions for the Company.

The transition to green and alternate sources of energy has been a key topic of conversation. However, the shift to clean energy is a gradual process which will require strong backup from coal as emerging economies continue to rely on coal.

We are making active progress towards value accretive acquisitions of producing coal mines, to increase our reserves, production volumes, as well as achieve diversification. We are not only eyeing the growth of our revenue, but also an expansion of revenue streams towards building a sustainable business. Further announcement will be made when such acquisition or investment materialises.”

End

ABOUT GEO ENERGY RESOURCES LIMITED (Bloomberg Ticker: GERL SP)

Geo Energy Resources Limited (“Geo Energy”) is a major Indonesian coal producer with an established track record in operating coal mines, coal production and selling coal throughout the region. Geo Energy commenced its business in 2008 as a coal mining services provider and became a listed company on the Mainboard of the SGX in 2012, under the stock code: RE4 and is part of the Singapore FTSE-ST index.

Since then, Geo Energy has transitioned from being primarily a coal mining services provider to a coal producer that subcontracts its coal mining operations. This transition has allowed the Group to change the business model from operating as a relatively small-scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets, working in collaboration with world-class business partners.

The Group’s investment strategy is mainly focused on acquisition of new mining concessions to increase production quantity and at the same time diversify its sources of coal. The Group owns four mining concessions through its wholly owned subsidiaries PT Bumi Enggang Khatulistiwa, PT Sungai Danau Jaya, PT Tanah Bumbu Resources and PT Surya Tambang Tolindo in Kalimantan, Indonesia.



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